



STATE OF MICHIGAN

**Family  
Independence  
Agency**

## Memo

www.michigan.gov/fia

**Office of Internal Audit**

Tel: 517 373-8770

Fax: 517 373-8771

To: John Sorbet  
Chief Administrative Officer

Date: February 11, 2005

From: Rita Barker, Director  
Office of Internal Audit

Subject: Review of Maintenance of Effort Fiscal Data  
Family Preservation and Family Support Services  
Period: 10/1/02 through 9/30/03 (FY 03)  
Assignment # 2004-281

The Office of Internal Audit reviewed the fiscal data used to calculate the State Fiscal Year 2003 Estimated Expenditures to meet the supplantation prohibition for the Family Preservation and Family Support Services Program.

Based on our review, we conclude that the allocations of gross expenditures used to calculate FY 2003 estimated expenditures to meet the supplantation prohibition for the Family Preservation and Family Support Services Program were correct except for:

- An adjustment in the allocation of Children's Trust Fund (CTF) expenditures to "Federal Funds" and "Private Donations"; and
- An error in determining Child Care Fund – In Home Care (CCF-IHC) expenses for which, due to the relatively minor amount involved, no adjustment has been made to the "Estimated Expenditures – Family Preservation and Family Support Services" report.

Schedule A (attached) summarizes the adjustments to be made as a result of our review. Details of our findings follow below.

### Allocation of CTF Expenditures

1. CTF had expenditures of \$2,587,239 in FY03. CTF received a HHS Grant of \$885,421 in FY03 and the remainder of its funding came from Private Donations. Therefore since Federal Funds paid for \$885,421 of the CTF expenditures, the remainder of the CTF expenditures (\$1,701,818) is allocated to "Private Donations" (\$2,587,239 - \$885,421 = \$1,701,818).

However when allocating CTF expenditures for the FY03 “Estimated Expenditures – Family Preservation and Family Support Services” report the FY02 HHS Grant figure of \$822,041 was erroneously used as the Federal Funds allocation which resulted in a “Private Donations” figure of \$1,765,198 ( $\$2,587,239 - \$822,041 = \$1,765,198$ ). The CTF expenditures allocation should be corrected using the FY03 HHS Grant discussed above. This results in an increase in Federal expenditures and a decrease in State expenditures of \$63,380.

**WE RECOMMEND** the Budget & Policy Analysis Division correct the CTF expenditures allocation using the FY03 HHS Grant in their calculations.

#### CCF-IHS Expenses

2. For the CCF-IHS line item we selected Livingston County as a sample county from the “Child Care Fund (FIA Subaccount): Days Care and Expenditures for Foster Care” (CCF) report. The report indicated that Livingston County had \$301,520.60 of In-Home Care expenditures in FY 2003. We obtained the Livingston County FIA 206B reports (Monthly Reports on Child Care Fund). We added up the amounts reported throughout FY 2003 for In-Home Care expenditures and found that the Livingston County In-Home Care expenditures for FY2003 totaled \$302,090.60 which is \$570.00 more than the figure reported on the CCF report.

We found that the \$570.00 difference resulted from adjustments made in the months of July and August 2003, which increased the total amount of In-Home Care expenditures. However when determining total In-Home Care expenditures for the year, these adjustments were not included in the calculation. Since the amount concerned was a relatively minor amount, no changes to the “Estimated Expenditures – Family Preservation and Family Support Services” report was made.

**WE RECOMMEND** the Budget, Analysis and Financial Management Administration ensure that accurate calculations are made when determining total In-Home Care expenditures.

Attached are copies of the “Estimated Expenditures – Family Preservation and Family Support Services” report which includes the corrections we determined necessary.

Please contact me if you have any questions concerning this review.

Attachments (2)

cc: L. Champagne  
L. Gonzales  
L. Johnroe

**Audited**

**ESTIMATED EXPENDITURES**  
**State Fiscal Year 2003**  
**FAMILY PRESERVATION AND FAMILY SUPPORT**  
**SERVICES**

**Fiscal Data (in thousands) to meet the Supplantation Prohibition**

<b>Funding Source</b>	<b>Family Preservation Services</b>		<b>Family Support Services</b>	
	<b>STATE</b>	<b>FEDERAL</b>	<b>STATE</b>	<b>FEDERAL</b>
<b>Title IV-B 1/</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$86.3</b>	<b>\$13.7</b>
<b>Title IV-A / TANF</b>	<b>\$0.0</b>	<b>\$37,616.7</b>	<b>\$0.0</b>	<b>\$2,998.4</b>
<b>Title XX</b>	<b>\$0.0</b>	<b>\$4,021.6</b>	<b>\$0.0</b>	<b>\$446.0</b>
<b>Other (please list)*</b> Direct charged or cost allocated via worker time study to the following Federal funding sources: Titles IV-A, IV-D, IV-E, IV-F, XIX, Food Stamps, LIHEAP, and Child Care & Development Block Grant	<b>\$282.7</b>	<b>\$3,275.7</b>	<b>\$0.0</b>	<b>\$0.0</b>
Child Abuse and Neglect Grants	<b>\$0.0</b>	<b>\$564.7</b>	<b>\$0.0</b>	<b>\$0.0</b>
Community-Based Family Resource Program Grant	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$885.4</b>
Temporary Child Care for Children with Disabilities and Crisis Nursery Grants	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
100% State Funds	<b>(\$1,164.3)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
100% County Funds	<b>\$1,504.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Private Donations	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$1,701.8</b>	<b>\$0.0</b>
<b>TOTALS:</b>	<b>\$622.4</b>	<b>\$45,478.7</b>	<b>\$1,788.1</b>	<b>\$4,343.5</b>

**\* Some examples of Federal and State funding sources are as follows:**

**Community Service Block Grant; Child Abuse and Neglect Grants; Children's Justice Act Grants; Community Prevention Grants (challenge grants); Family Resource and Support Programs (There are only three States which have these programs--CT, MD and VA); Parents as Teachers; Home Instruction Program for Preschool Youngsters (HIPPY); and Families First.**

1/ The match requirement for Title IV-B subpart 1 funds was met for the most part through allowable state foster care expenditures which are not counted in fiscal year 2003.

estimated expenditures for Family Preservation and Family Support Services because they do not fit the definition of family preservation or family support.

FAMILY PRESERVATION AND FAMILY SUPPORT SERVICES  
MAINTENANCE OF EFFORT FY 03  
SUMMARY OF AUDIT ADJUSTMENTS

<u>DESCRIPTION OF ADJUSTMENT</u>	<u>GROSS EXPENDITURE S</u>	<u>IV-B</u>	<u>TITLE XX</u>	<u>TITLE IV-A TANF</u>	<u>FEDERAL FUNDS</u>	<u>COUNTY FUNDS</u>	<u>PRIVATE DONATIONS</u>	<u>GF/GP</u>
Family Preservation and Family Support Services	\$52,232,766	\$13,668	\$4,467,579	\$40,615,209	\$4,662,419	\$1,504,012	\$1,765,198	(\$795,320)
Children's Trust Fund had total expenditures of \$2,587,239. \$822,041 of these expenditures were recorded as federal funds due to the receipt of an HHS Grant. However this figure is incorrect. The correct HHS Grant figure is \$885,421. Therefore "Federal Funds" must be increased & "Private Donations" decreased by 63,380.					\$63,380		(\$63,380)	
Total Audit Adjustments	\$0	\$0	\$0	\$0	\$63,380	0	(\$63,380)	\$0
Total Audited Family Preservation & Support Services	\$52,232,766	\$13,668	\$4,467,579	\$40,615,209	<b>\$4,725,799</b>	\$1,504,012	<b>\$1,701,818</b>	(\$795,320)

**Audit Adjustments in Bold Print**